

MEETING MINUTES
SCHOOL BOARD OF SANTA ROSA COUNTY
WORKSHOP
July 23, 2013-5:00 PM

Items for Review and Discussion

A. Presentation of Proposed/Tentative 2013-14 Budget

Mr. Wyrosdick opened the workshop and asked Ms. Susan McCole, Assistant Superintendent for Finance to come forward to review and present the tentative budget for 2013-14. Ms. McCole thanked Cheryl McKenzie, and Lynn Rogers for their assistance in helping put together the 2013-14 tentative budget. She also introduced Mrs. Linda Ellis to the board. Linda will be taking Cheryl's place when she retires later this year.

She began by stating that as in the past, this is a tentative budget and will change a great deal during the year. The first public hearing on the budget is scheduled August 1, 2013. The final public hearing is scheduled for September 12, 2013. The date process is set up for agencies that have an October 1 - September 30 fiscal year. The time lines for the budget are set by Florida Statute. The school board fiscal year is July 1 - June 30 so we are well into our school year before the budget process is complete.

During Fiscal Year 2013/2014 the State raised the percent the District is required to contribute to the Florida Retirement System on behalf of each eligible District employee. The percent can vary each year and is determined by the State not the District. This increased percent is an additional cost of approximately \$2,500,000 to the District.

Ms. McCole stated that the projected Unweighted FTE for 2013/2014 is 25,098. This is a decrease of 228 students for the 2013-2014 school year.

The Board contributed approximately \$11,300,000 for employees insurance for fiscal year 2012/2013.

In 2012/2013 we budgeted sales tax revenue of \$6,000,000 but actually collected \$6,342,788.

Ms. McCole reviewed the 5 Fund Balance Categories.

- 1. Non-spendable - portion of fund balance that cannot be spent because of the form. (Inventories)*
- 2. Restricted - portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions. (State categoricals and projects).*
- 3. Committed - portion of fund balance that represents resources that have been earmarked or whose use is constrained by limitations that the governing body has imposed upon it. (School based budgets and board projects)*
- 4. Assigned - portion of fund balance that are constrained by the governments intent to be used for specific purposes, but are not restricted or committed. (District office budgets).*
- 5. Unassigned - portion of fund balance that is available for the Board to use as needed.*

Susan reviewed the TRIM (Truth in Millage Compliance) time lines. On July 1, the Property Appraiser delivers the Certification of Taxable Value. This becomes day 1 for TRIM Compliance. July 18th is the deadline for DOE (Department of Education) to provide the 2nd FEFP Calculation. This calculation always provides the millage certification needed to complete the proposed/tentative budget. She cannot complete the tentative budget until this calculation is received. Last year we received it the day before the budget was to be presented. The proposed/tentative budget must be presented to the board for approval to advertise no later than July 24th. We are presenting today, July 23rd. The first public hearing must be held no later than August 4th. We have scheduled our first public hearing on August 1st. Our final public hearing must be held no later than September 18th. We have scheduled our final public hearing for September 12th.

Ms. McCole explained the DCD (District Cost Differential - Cost of Living factor) and what it means to each district. Santa Rosa receives .9537 cents on the dollar, whereas the district of Palm Beach receives approximately \$1.04 on the dollar. She shared with the board how much difference this makes in each district's funding. If we were funded the same as Escambia County we would have \$1,280,492.82 more per year. If funded the same as Okaloosa County we would have \$6,542,008.19 more funding to use per year.

Santa Rosa is ranked 66th out of 67 school districts in funding per student for FY 2012-13 4th calculation. Suwannee County is the only district funded less per student than Santa Rosa. The 2013/14 funding per student is increasing by \$431 which represents a 7.06% increase.

This year we have a slight increase in the State required local effort tax millage of 0.080 or 1.45% to 5.600 mills. The total millage rate for 2013-2014 will increase to 7.748. The total board option millage stays the same as last year 2.148. The actual tax roll amount last year was \$8,145,102,948. This year it is \$8,265,329,134, a difference of \$120,226,186. Ms. McCole explained that the district would lose over \$3.7 Million dollars if we did not implement the State required effort tax millage. She also shared with the board that the property taxes on a home worth \$100,000 would increase by approximately \$6.00 using the 2013-14 State required tax millage.

The next graph in the presentation illustrated the 2013-14 Total Available Budget of \$261,384,377.00 as compared to 2012-13 which was \$264,751,871. Total available represents the fund balance carried forward from the year before plus the new year revenue. Ms. McCole explained the budget is down from last year due to the federal sequestration that is taking place. We began to feel the cutbacks during the second half of last year and will feel them during 2013-14. Many of our Title grants and the Head Start grant has been cut. She said they expect 3 - 5% cuts in the grants in October. Dr. Scott asked if these cuts have been accounted for in the budget and Ms. McCole told her they were. The district has already had to re-code personnel expenses (approximately \$1.2 million) from grants that were covering the costs to the general fund covering the costs.

The next graph covered our budgeted revenue and illustrated the amount and percentages that come from Federal, State and Local sources. Revenue by Type (Operating Only) for 2013-14 is \$175,002,303. Revenue by Type (Total Budget) for 2013-14 is \$222,301,345.

We have budgeted for a total of 2,659 employees for 2013-2014. 69% (1,817) Instructional Staff, 28% (748) Classified and Blue Collar, 3% (88)

Administrators, and 0% (6) Superintendent and Board Members. These figures could change and are based on our FTE counts once school begins. If we don't use the entire budgeted amount, the balance will be go back into fund balance.

76% of the total operating budget is spent on salaries and employee benefits. 14% on purchased services, 4% on energy services, 4% on materials and supplies and 4% on other miscellaneous expenses.

The next illustration shows our budgeted energy history and utility budget. We have experienced a notable decrease in our electricity expenses. This decrease is the result of adjusting thermostats through out the district facilities, shutting down computers in the evening and weekends and other energy saving measures that have taken place since 2011-12. Diesel Fuel and Gasoline expenses have varied slightly due to fluctuations in price, but overall have stayed pretty consistent.

Next we reviewed examples of categorical and committed projects with Carry-forward balances from 2012-13. These were a few of the projects that have substantial carry-forward balances. The balances must be re-appropriated for 2013-14 because the funds are obligated for specific purposes.

Restricted revenue for 2013-14 has increased by \$4,319,702. These are funds that cannot be spent on

anything other than the intended program/project. Examples are Safe Schools, SAI, ESE, DJJ, Instructional Materials, Student Transportation, Class Size Reduction, Virtual Education and for 2013-14 the Teacher Salary Increase Allocation.

When revenue from 2012-13 4th FEFP Calculation was compared to 2nd FEFP Calculation for 2013-14, the difference is approximately \$9,631,712. Of that amount, \$5,312,010 is non-earmarked dollars. Some of the increased costs that non-earmarked dollars must cover in 2013-14 are: Florida Retirement System rate increase of \$2,500,000, Pensacola State College dual enrollment tuition increase \$900,000, additional instructional staff \$700,000 and instructional software \$350,000.

The Government Finance Officers Association recommends a minimum of 5% Fund Balance, the Santa Rosa County School Board Strategic Plan minimum fund balance is 7%. We currently have a 3.88% fund balance which includes the restricted, non-spendable, committed, assigned and unassigned balances.

The board was presented with a 2013-14 Capital Outlay Project priority list to review and copies of the budget ads as they will appear in the newspaper.

In conclusion, the 2013-14 tentative operating budget is \$183,456,553.77 with a total budget of all parts of \$248,413,450.47. Our first public hearing on the tentative budget and millage is scheduled for August 1, 2013 at 6:30 p.m.

Mr. Wyrosdick thanked Ms. McCole and the other personnel in our Finance Department for their hard work on preparing the 2013-14 budget.

*School Board of
Santa Rosa County*

Chairman

ATTEST:

Superintendent and Secretary